

Board of Commissioners

Special Meeting

May 31, 2007 – 6:40 pm

Meeting called to order by President Rininger. Commissioners Rininger, Logsdon, Gogel, and Board Attorney Lueken were present.

Other boards present were the Spencer County Council, Spencer County Plan Commission and the Spencer County Redevelopment Commission.

Also in attendance were Mal Saunder, Senior Vice President and General Counsel for Biofuels International, Inc., and representatives from Lincolnland Economic Development, Indiana Economic Development, and Bernardin – Lochmueller & Associates.

Tom Utter, Director of the LEDC, explained the location of the project being presented, being 128 acres on the East side of State Road 231 across from AEP.

Sanders thanked everyone for attending and for giving him the opportunity to speak. He spoke about the parent company of BFI, Inc., International Steel Services, Inc. He explained that ISSI has a plant locally next to AK Steel, in which they have hired locally and will continue to do so at BFI, Inc. because they have been very good employees. BFI, Inc. will be an ethanol production facility. The location is perfect because of access to rail, highway and waterway. The proposed plant will produce 100 million gallons of ethanol per year with phase one, and will increase to 200 million gallons per year in phase two. The ethanol is used as an additive to gasoline. The plant will purchase 34 million bushels of corn each year. The corn purchased will be corn that is generated roughly within a 50 mile radius of the plant. A bi-product of the ethanol process is Dried Distiller Grain (DDG), which is a feed stock and will be available locally. The plant will be state of the art, with the best equipment and the best people. Sanders further explained the ethanol making process. 90 percent of the ethanol will be transported by rail. 307,000 tons of DDG will be produced. Sanders stated BFI, Inc is not building the plant to sell or flip it later on; they are in it for the long haul.

Sanders explained that to insure BFI, Inc. against the ups and downs of prices of corn and ethanol, they will have an agreement with Cargill to supply the corn and market the ethanol and DDG. The general contractor will be Industrial Contractors, Inc. for all infrastructure, civil, buildings, structural steel, and erection work.

Sanders explained the benefits to the community: The total investment will be \$180 million for phase one and an additional \$85 million in phase two. The corn will be purchased within a 50 mile radius. During construction there will be 350 jobs and when production begins there will be 50 high quality jobs. Payroll during phase one is projected to be \$2.2 million and increasing to \$3.5 million in phase two.

BFI, Inc will be using an environmentally sound plant concept with continuous fermentation technology. There will be little or no odor. 100% of the water used will be recycled back into the process. At every transfer point pollution controls will be in place.

The projected timeline has ground breaking in August of 2007 and a start-up of commercial production being 18 months later in early 2009.

Dorrie LoBue, the Director of Indiana Economic Development for the Southwest Region, stated the state has deemed the BFI, Inc project worthy of funds from the Industrial Development Grant Fund for infrastructure and the Skills Development Fund for training. LoBue thanked Sanders for choosing Spencer County and thanked the Spencer County officials for setting the standard for other counties.

Jason Semler, of Umbaugh, and Thomas “Buddy” Downs, of Ice Miller, explained that BFI, Inc. has asked the county for an 80%-10 year abatement and a \$2.3 million TIF bond payable from 80% captured incremental assessed value. BFI, Inc. will guarantee the TIF bond and will make up any difference in the bond payment if necessary. The bond issue will be used for infrastructure improvements on Base Road and CR 350 North. The estimated assessed value from the proposed total investment by BFI, Inc. in the county will be \$109,780,000. Abatement, TIF and the proposed financing were explained.

Lueken asked if there were any questions. Commissioner Logsdon asked Sanders about the amount and the source of the water being used. Sanders stated that wells will be drilled and the water will be recycled and reused. Commissioner Rininger asked how BFI, Inc will handle the elevation issues. Sanders stated that they will more than likely cut and fill but he will know more when soil tests are done, but regulations will be met.

Councilman Spaetti asked at what moisture content corn will be accepted. Sander stated he is not sure but he will have to find out from Otto Hiris.

Nathan Helm, acting President of the Spencer County Advisory Plan Commission, asked what the total commitment will be from the county. Sanders stated that BFI, Inc. will pay \$1.5 million for the land and currently that land is being taxed at farm rates. When the plant is built BFI, Inc will be paying taxes on 20% of

the value, approximately \$20 million, at commercial rates, so the county will still come out ahead. Sanders further explained that the benefit to BFI, Inc will be decreasing and the benefit to the county will increase. BFI, Inc. will be improving the railroad at a cost of \$3.5 million. Downs stated that tax impact statements will be sent out to all civil taxing units.

Councilman Kroeger explained that the only way taxes can be lowered is by either decreasing spending or by growth in the total assessed value in the county; as assessed value goes up, the tax rate will go down. Kroeger stated that he feels the company is a good fit for the county, and he thanked Sanders, LEDC, Umbaugh, and Ice Miller for their work. Kroeger concluded by stating that the biggest question he has been hearing is what will happen when there are bio-fuel plants all over. Sanders explained that currently 4 billion gallons per year of ethanol are being produced but most are from small producers of 5 to 25 million gallons per year. The advantages BFI, Inc. has are the new technology and the size of the plant. The first plants to fail will be the small plants. Plants will not be popping up all over because most do not have the business plan needed to support the business.

An attendee asked what the projected return on investment will be for BFI, Inc. Sanders stated that he does not know, but it will be a fair return.

Lueken introduced Larry Ordner who is the Regional Director of Senator Lugar's Southwest Office in Evansville, Indiana, and thanked him for the support Senator Lugar has shown the county.

Councilman Kroeger asked Downs and Semler if the numbers supplied by Umbaugh and Ice Miller take into consideration phase two or just phase one. Downs stated that they have found it best to negotiate phase by phase.

Sanders explained to the attendees that if BFI, Inc. fails, the plant will already be paid for and then will be acquired by another company. The plant will not stop producing and it will remain a first rate facility.

A representative of Archer Daniel Midland asked if there was a firm agreement to use Cargill. Sanders stated that BFI, Inc. has agreed to work with Cargill for now, but opportunities will be available in the future for other companies.

Councilman Kress asked how many of the 50 jobs will be filled with local people. Sanders stated that he sees no reason why they will not all be local. Jacqui Duncan of LEDC stated that the skill level will be similar to the current facility owned by ISSI and they hired locally.

Councilman Bunner asked what the salary range will be. Sander stated it will be approximately the same as the ISSI plant. Commissioner Rininger stated that is between \$40,000 and \$60,000. Lueken stated that according to the Statement of Benefits provided to the council prior to the meeting the total of the salaries of the 50 jobs is estimated to be \$2 million.

An attendee asked about the fire protection and emergency services that will be needed for the plant. Sanders state that BFI, Inc. is required to have a safety plan, but he does not know the specifics.

Bernard Hurm asked about drainage across the property and if it will be obstructed. Sanders stated that the company is not allowed to and will not obstruct the natural flow of water.

An attendee asked if the increase in the rail traffic will obstruct the flow of traffic on the highway. Sanders stated that BFI, Inc will use 100 car trains. The cars can be broken up to keep from blocking traffic.

Another attendee asked if the increased funds to the county can be used to help the drainage problems in the county. Commissioner Logsdon stated that TIF proceeds can only be used in the TIF area. Downs explained that TIF or bond proceeds can be used for any capital projects in, serving or benefiting the TIF area.

Commissioner Logsdon asked Sanders to speak to the engineers on the project and suggest a retention pond to help protect the surrounding farmers from flooding.

Surveyor Sublett asked who will be providing the drainage plan to the county. Sanders stated he will rely on Industrial Contractors, Inc. for guidance on who will provide the plans.

An attendee asked if the road improvement project on CR 250 will stop at the plant or go further down the road. Commissioner Rininger stated that currently the plan is to stop at the plant because the road is not used by many beyond the plant.

Councilman Winsett made a motion to number the Resolution 2007-10. Councilman Bunner seconded. All in favor. Councilman Cochenour made a motion to read the motion in name only. Councilman

Ebert seconded. All in favor. Council Attorney Wetherill read the title Resolution 2007-10 – Resolution Designating A Portion of Spencer County, Indiana, As An Economic Revitalization Area. Councilman Bunner made a motion to read Resolution 2007-10 in its entirety. Councilman Kress seconded. All it favor.

Spencer County, Indiana
County Council
Resolution No. 2007-10
Resolution Designating A Portion
of Spencer County, Indiana, As An Economic
Revitalization Area

WHEREAS, the County Council ("Council") of Spencer County, Indiana ("County") has determined that certain real property consisting of a portion of the real property located in the Economic Development Area located in the County and set forth in the map attached hereto as Exhibit A ("Real Estate") should be designated an economic revitalization area under and pursuant to IC 6-1.1-12.1-1; and

WHEREAS, the Council hereby finds that the Real Estate is an area which has become undesirable for, or impossible of, normal development and occupancy because of a lack of development and other factors which have impaired values or prevented a normal development of property or use of property and that the designation of said area as an economic revitalization area would enhance the opportunity for the creation of new jobs;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF SPENCER COUNTY, INDIANA, THAT:

Section 1. The Real Estate is hereby designated as an economic revitalization area within the meaning of IC 6-1.1-12.1.

Section 2. Notice of the adoption and substance of this resolution and all other disclosures required by IC 6-1.1-12.1-2.5 shall be duly published in accordance with IC 5-3-1, which notice shall state a date for a public hearing on this resolution and that on said date, after hearing objections and remonstrances and considering evidence thereon, this Council will take final action determining whether the qualifications for an economic revitalization area have been met and confirming, modifying and confirming, or rescinding this resolution.

Section 3. A copy of the above-referenced notice shall be filed with the officers of each taxing unit that has authority to levy property taxes in the geographic area which is hereby designated as an economic revitalization area at least ten (10) days prior to the public hearing on this resolution.

ADOPTED, this 31st day of May, 2007, by the County Council of Spencer County, Indiana.

Councilman Winsett made a motion to approve the Resolution as read. Councilman Ebert seconded. All in favor.

The Spencer County Redevelopment Commission passed the “Declaratory Resolution of the Spencer County Redevelopment Commission” by unanimous vote of all members present.

The Spencer County Plan Commission passed the “Order Of The Spencer County Plan Commission Determining That A Declaratory Resolution And Economic Development Plan Approved And Adopted By The Spencer County Redevelopment Commission Conform To The Comprehensive Plan And Approving That Resolution And The Economic Development Plan“.

Commissioner Attorney Lueken read the proposed Ordinance No. 2007-03:

Spencer County Board Of Commissioners
Approving A Declaratory Resolution
And Economic Development Plan Of The
Redevelopment Commission Of Spencer County, Indiana, And
Approving The Order Of The Spencer County Plan Commission

WHEREAS, the Spencer County ("County") Redevelopment Commission ("Commission"), on the 31st day of May, 2007, initially approved an Economic Development Plan ("Plan") for the Lincolnland Commerce Park Economic Development Area ("Area") in the County and adopted a declaratory resolution initially declaring that the Area is an

economic development area and subject to economic development activities pursuant to IC 36-7-14 and IC 36-7-25 ("Act"); and

WHEREAS, the Spencer County Plan Commission ("Plan Commission") approved the Plan and Declaratory Resolution; and

WHEREAS the Act requires approval of the Declaratory Resolution and the Plan and the action of the Plan Commission by the Board of Commissioners of the County;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF SPENCER COUNTY, AS FOLLOWS:

1. The Plan for the Area is in all respects approved, ratified and confirmed by the Board of Commissioners.
2. The action of the Plan Commission approving the Plan and the Declaratory Resolution is in all respects approved, ratified and confirmed by the Board of Commissioners.
3. The Auditor is hereby directed to file a copy of the Declaratory Resolution, the Plan and the approving Order of the Plan Commission with the permanent minutes of this meeting.
4. This ordinance shall be effective from and after passage and approval by the Board of Commissioners on the effective date of the Declaratory Resolution.

PASSED AND ADOPTED by the Board of Commissioners of Spencer County, Indiana, this 31st day of May, 2007.

Commissioner Logsdon made a motion to approve the Ordinance as read. Commissioner Gogel seconded. All in favor.

Commissioner Logsdon made a motion to adjourn. Commissioner Gogel seconded. All in favor. The meeting was adjourned at 9:00 pm.

Board of Commissioners,

President

Attest:

Cindy Shelton, Auditor
